

## Funding Opportunity Announcement

### FY22 Clean Fuels Incentive Program (CFIP)- Round 2

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#### **Program Description:**

- The goal of the State Fiscal Year 2022 (FY22) Clean Fuels Incentive Program (CFIP) is to reduce consumption of imported petroleum through the use of n alternative fuels that will result in a greener transportation sector within Maryland, improving the state's economy reducing greenhouse gas emissions and other impacts on the environment.
- The program provides financial assistance for the purchase of new and converted alternative fueled fleet vehicles registered in the state of Maryland. Specifically, the program provides funding to support the incremental cost to purchase alternative fuel fleet vehicles or convert new fleet vehicles to utilize alternative fuel.

#### **Type of Grant Program:**

- Competitive- state wide.

#### **Application Deadline:**

- The program application period opens on March 10, 2022.
- The program application period closes on April 20, 2022.
  - Applications must be received at MEA by 5:00 PM EST, April 20, 2022. Confirmation will be sent to each applicant verifying receipt of application.

#### **Notable Program Changes for FY22 Round 2:**

- The following changes have been made to the program for FY22 Round 2 from FY22 Round 1, including but not limited to:
  - Incentive amounts for heavy duty (Class 8) battery electric vehicles (BEVs) and hydrogen fuel cell electric vehicles (FCEVs) have been increased from a maximum cap of \$80K per vehicle to \$150K per vehicle.
  - Incentive amounts for Class 3-7 FCEVs have been increased from a maximum cap of \$50K per vehicle to \$80K per vehicle.
- In addition, the following changes instituted for Round 1 still apply:
  - Equity and potential project impact to communities that are experiencing environmental justice challenges are part of the evaluation criteria.
  - Incentive amounts for light-duty electric vehicles (Class 1-2) offered at a flat amount regardless of incremental cost.
  - Incentive amounts for medium and heavy duty electric vehicles (Class 3-8) increased from a maximum cap of \$50K per vehicle to \$80K per vehicle, no longer tiered for

electric range.

- Plug-in hybrid electric vehicles are not eligible for funding.
- The project completion deadline has been extended from within 12 months of the grant agreement execution date to 18 months.

### **Eligible Applicants:**

- Applicants must be in good standing with the Maryland State Department of Assessments and Taxation.
- Applicants are ineligible to apply for program funding for vehicles that have previously been awarded or are expecting award funding through the state's VW Environmental Mitigation Trust Fund program(s) and/or other State funding programs.
- Eligible applicants are either a:
  - Fleet vehicle operator- the entity that will operate an eligible vehicle under a lease agreement with a vehicle purchaser.
  - Fleet vehicle purchaser- the entity that will directly purchase, own and operate the vehicle or the leasing company that will lease an eligible vehicle to a vehicle operator. The vehicle purchaser may or may not be the same entity as the vehicle operator
- Eligible applicants include:
  - School districts
  - Municipal authorities
  - Local governments
    - Local government fleets seeking funding assistance for Class 1-2 EV purchases should consult MEA's [Maryland Smart Energy Communities \(MSEC\) Program](#).
  - Incorporated nonprofit entities
  - Corporations
  - Limited liability companies or partnerships registered to do business in the State.
- Ineligible entities include but are not limited to: state and federal agencies, and institutions that are part of the University System of Maryland.
- Applicant cannot be an individual seeking funding for vehicles used for individual or personal activities.
- Applications may only include vehicles owned or leased by the applicant – only applicants who are the direct lessee or owner of the proposed vehicles are eligible.

### **Eligible Projects and Requirements:**

- A vehicle must be an on-road BEV, FCEV, a vehicle operating on CNG, LNG, LPG, or a biodiesel vehicle using a B20 blend or greater. Personal passenger/non-fleet vehicles are not eligible for program funding.
  - PHEVs are not eligible for program funding.
  - CNG/LNG/LPG/B20+ vehicles must be dedicated vehicles. Bi-fuel and dual-fuel vehicles are not eligible for program funding.
- Vehicles must be purchased new. Eligible vehicle projects include:
  - New vehicle purchase(s).
  - New vehicle retrofit(s)- a new vehicle that has had a conversion system (the addition of a new item, modification or removal of an existing item of equipment beyond that of regular maintenance, on an automobile after its initial manufacture) installed which is in compliance with all Federal and State safety requirements including rules and regulations promulgated by the EPA and has been installed by a trained or approved installer of the

conversion technology manufacturer.

- Repowered vehicles are not eligible for program funding. Repowered vehicles are used vehicles that have had its existing diesel/gasoline engine replaced with a new engine, motor, drivetrain, battery, and/or other alternative fuel vehicle drive and fuel storage component.
- Vehicles may not have been purchased, delivered or converted prior to September 1, 2021, the program opening date. Deposits to hold/order vehicles are excluded from this requirement.
  - Any applicant who starts a project and incurs costs after this date but before being awarded and ultimately receiving a fully executed grant agreement does so at its own risk.
- Vehicles must be compliant with EPA or CARB requirements.
  - Maryland is a full CARB State. However, for vehicles under 14,000 pounds GVW, EPA certified conversion kits may be used on EPA 50 state certified vehicles and vehicles with dual-certification. See the [MDE CARB Policy Guidance Document](#) for additional details and information.
  - Vehicles that run entirely or in part by combusting gaseous fuels (i.e., CNG/LNG/LPG) will be viewed more favorably if they meet the optional 0.02 g/bhp-hr NOx certification standard.
- Vehicles must be registered in Maryland to the applicant.
  - Vehicle registrations under an International Registration Plan (IRP) may be considered.
- Vehicles must be domiciled and primarily operated within the State for no less than 3 years from the vehicle(s) delivery (dates).
- Vehicles are not required to replace an existing conventional vehicle in the applicant's fleet, nor is there any scrappage requirement. However, vehicles associated with the replacement or retirement of existing gas/diesel vehicles will be viewed more favorably.
- Vehicles which are replacing existing alternative fuel vehicles are not eligible, unless those vehicles can be proven to be at the end of their useful life.
- All identified refueling/charging facilities to be utilized by vehicles receiving program funds must be properly permitted even if existing prior to the grant award.
- Projects must be completed and reimbursement materials submitted to MEA within 18 months of the grant agreement execution date.

### **Program Budget:**

- The program has an anticipated budget for Round 2 of up to \$2,000,000. However, MEA may increase or decrease the program budget based on availability of funds and quality and quantity of applications submitted to MEA.
- The source of the program funding is the Strategic Energy Investment Fund (SEIF). The SEIF consists of a variety of funding sources, though the main source of proceeds is historically from Regional Greenhouse Gas Initiative (RGGI) auctions.

### **Evaluation Criteria:**

- MEA will evaluate CFIP applications on the following criteria. MEA may request supplemental information from an applicant to assist with evaluation of the application.
  - The amount of fossil fuel to be displaced.
  - Whether the purchased alternative fuel vehicles will replace existing petroleum powered vehicles within the fleet.
  - Cost Effectiveness (estimated petroleum displacement gallons per vehicle per year/requested CFIP dollars per vehicle).
  - The level of public accessibility of the primary fueling station.
  - Project sustainability, level of fleet commitment to continued use of alternative fuel

vehicles.

- Cohesive plan for incorporating alternative fuels into the fleet, especially for applicants who are new to alternative fuel vehicles.
- Innovative technology, concepts, and partnerships.
- Whether the applicant is a minority, veteran, or woman-owned business.
- The extent to which the project would serve communities with economic or environmental justice vulnerabilities.

### **Review Process**

- The MEA Program Manager will assemble a Review Team of at least 3 qualified program managers, energy specialists or other professionals. Individuals from outside MEA may be included at the program Manager's discretion. All team members will review each application using a MEA-provided review template.
- Projects are ranked from highest to lowest. Despite the ranking, the review team members may still recommend against an award, the reason for deviating from ranking in a consensus award decision will be documented..
- The Program Manager will make recommendations to the Director, incorporating input from the Review Team, based on the funding available. The review team may recommend one or more additional projects (in order) for funding, if additional funding becomes available before the end of the fiscal year
- In the event of a disagreement, the dissenting concerns will be included in the recommendation memo to the Director, as will any potential award disqualifications for cause.

### **Award Formula:**

- The table below shows the eligible alternative fuel vehicle categories and associated funding structure and caps:

Alternative Fuel Type	Vehicle Class	% of Incremental Cost Eligible for Grant Request	Maximum Grant Award (per new vehicle)
Electric (BEV)	Class 1-2	N/A	\$5,000
	Class 3-7	Up to 100%	\$80,000
	Class 8	Up to 100%	\$150,000
Natural Gas (CNG/LNG)	Class 1-2	Up to 100%	\$7,500
	Class 3-8	Up to 100%	\$50,000
Propane (LPG)	Class 1-2	Up to 100%	\$7,500
	Class 3-8	Up to 100%	\$50,000
Biodiesel (>B20)	Class 1-2	Up to 100%	\$7,500
	Class 3-8	Up to 100%	\$50,000
Hydrogen (FCEV)	Class 1-2	Up to 100%	\$7,500
	Class 3-7	Up to 100%	\$80,000
	Class 8	Up to 100%	\$150,000

- Incremental cost is defined as the difference in cost between the base price of a conventional model vehicle and the alternative fuel model, that is attributable to the use of the alternative fuel or the cost to retrofit a conventional model vehicle to operate using alternative fuels.
- For the purposes of Class 1-2 BEVs, the program will award the flat maximum incentive amount regardless of the incremental cost.
- Vehicle classes are structured by gross vehicle weight rating (GVWR)- the maximum operating weight/mass of a vehicle as specified by the manufacturer and described on the original manufacturer line setting ticket provided to the vehicle dealer.
  - Class 1: < 6,000 lb.
  - Class 2: 6,001- 10,000 lb.
  - Class 3: 10,001- 14,000 lb.
  - Class 4: 14,001- 16,000 lb.
  - Class 5: 16,001-19,500 lb.
  - Class 6: 19,501- 26,000 lb.
  - Class 7: 26,001- 33,000 lb.
  - Class 8: > 33,001 lb.

#### **Partial Awards:**

- Partial awards are possible under the Program. If insufficient funds are available to fully fund a project, an applicant may be offered a partial award with the remaining budgeted funding. If the applicant accepts, then the project will be funded with the remaining funds.
- If the applicant does not accept a partial award, an award will be offered to the next approved project in rank order until all funding has been expended or all remaining projects have rejected the offer.

## **Required Application Documents:**

- Application forms can be obtained on the Program Website.
- A complete application package consists of a complete, signed application form and supporting documentation.
- Application Form
  - A completed application form.
  - A completed Alternative Fuel Vehicle Summary Table.
  - The project narrative and/or the Alternative Fuel Vehicle Summary table in the application must include a description of:
    - The number and type of eligible vehicles that have been or will be purchased or retrofitted.
    - The location and ownership of the primary fueling station to be utilized by the vehicles to be supported with program funds.
    - The level of accessibility of the primary fueling facility.
    - The intention of the applicant to continue to use alternative fuels and to operate the vehicles in the State.
    - The total amount of alternative fuel to be consumed and the amount of estimated annual petroleum displacement. The [2020 Online Alternative Fuel Life-Cycle Environmental and Economic Transportation \(AFLEET\) tool](#) from the US DOE must be used to determine and verify the petroleum displacement estimates.
    - The environmental/air quality benefits expected from the project, including estimated greenhouse gas (GHG) emission reductions (short tons per year per vehicle) and NOx emissions reductions (pounds per year per vehicle). Estimates must be derived from the aforementioned AFLEET tool.
    - Estimated project payback periods per vehicle-both with and without the requested incentive. Estimates must be derived from the aforementioned AFLEET tool.
    - The vehicle(s) being replaced by the alternative fuel vehicles, if applicable.
    - Any experience purchasing, operating and/or maintaining alternative fuel vehicles within the applicant's fleet.
    - The intention of the applicant to continue to operate alternative fuel vehicles and acquire additional alternative fuel vehicles in the future.
    - Any relevant policies or requirements adopted by the applicant (green purchasing requirements, GHG reduction targets, EV goals etc).
    - Any fuel volume commitment and/or letter of intent documentation held between the applicant and fueling infrastructure provider.
    - The applicant must identify a service technician or company that will service the alternative fuel system during the ownership of the proposed vehicles.
    - Any planned outreach and education efforts to demonstrate how you will promote the environmental benefits of alternative fuels and/or the project.
    - A description of how the project would serve overburdened or environmental justice communities. Existing resources, including but not limited to the [US EPA's EJSCREEN](#) tool, should be used to support the basis of the argument. Applicants should specifically use the vehicle(s) domicile address(es) when estimating potential benefits.
- Supporting Documentation
  - (Required) Documentation confirming the existence of fueling infrastructure or planned fueling infrastructure that is/will be available to supply alternative fuels to the eligible vehicles to be supported with program funds.

- (Required) Documentation showing how the incremental purchase cost was calculated, such as price quotes from the original equipment manufacturer (OEM) or upfit/retrofit manufacturer (URM) that clearly show the incremental purchase cost of the alternative fuel vehicle versus a comparable gasoline or diesel model (including similar amenities), or the retrofit cost.
- (Required) Exported AFLEET results for the project (per vehicle).
- (Conditional) Vehicle lease documentation
  - If the applicant is the lessee, the application must include a signed letter or agreement from the lessor approving the vehicle purchase/modification and agreeing to the use of the vehicle in Maryland for no less than three years.
  - If the applicant is the lessor, the application must include a signed letter from the lessee agreeing to the use of the vehicle in Maryland for no less than three years.
- (Conditional) Proof of any information pertaining to project readiness including and/or not limited to:
  - Vehicle or conversion orders.
  - Deposits made.
  - Vehicle delivery or conversion dates.

### **Submission Instructions:**

- MEA encourages the use of electronic communication, including applications, to streamline processing and reduce environmental impacts. If you choose to “opt out” of electronic communications for this program, please contact MEA no later than five (5) days prior to the application deadline to work on an alternative method to apply.
- Applications should be submitted electronically to MEA via email to: [mike.jones@maryland.gov](mailto:mike.jones@maryland.gov)
- Email subject line should follow the naming convention: "Fleet Name- MEA FY22 CFIP Application Package".
- Application form should be saved as an Excel file using the following naming convention: "Fleet Name- MEA FY22 CFIP Application Form". Do not re-save and submit the file as a PDF.
- Attach supporting documents as separate files. Do not combine each piece of supporting documentation into one file attachment.

### **Grant Program General Provisions:**

- MEA grant programs are covered by general provisions that apply to all energy programs. A copy of the General Provisions document is available on [MEA's website](#); this document will be incorporated into all FY22 grant agreements issued by MEA.

### **Reimbursement Process:**

- Once the project has been completed, grantees must submit documentation in order to receive the grant funds.
- Reimbursement requests must be submitted by email to the Program Manager.
- Reimbursement requests may be made individually after each vehicle has been purchased and delivered, however it is preferred that the grantee submit a request for reimbursement for all vehicles at the same time.
- MEA will not fund costs in excess of the executed grant amount or in excess of the percentage of incremental costs as documented in the final incremental cost invoice/purchase order.



- After MEA approval of the final documentation, MEA will process the grant for payment. Required documentation includes:
  - A signed payment request, on applicant letterhead, for the amount to be paid. Request should contain payee contact information.
  - A signed final invoice/vehicle purchase order(s) – must confirm both the final incremental cost and total vehicle cost paid.
  - Proof of payment. This may be a copy of the front and back of a canceled check, wire transfer receipt, or an invoice indicating a zero balance due and receipt of payment in full. For leased vehicles where the incremental purchase price is not paid as a separate one-time payment, grantee must show proof of lease payments that equal or exceed the incremental purchase price.
  - Documentation that lists the VIN, tag number, and vehicle in-service date for each vehicle, denoted by model year, make and model.
  - Factory Build Sheet, clearly confirming VIN and GVWR.
  - Photo (copies) for each vehicle of:
    - Vehicle registration
    - Photo of vehicle from driver's side
    - VIN tag
    - Odometer reading
    - Photo of vehicle from front showing plate
  - For leased vehicles only: a copy of the lease agreement showing a term of at least 3 years (36 months).

### **Reporting Requirements:**

- All grantees shall provide progress updates as requested by MEA.
- Once vehicle(s) have been delivered, all grantees will be required to submit quarterly operation reports for three years beginning the first quarter after project completion/vehicle delivery. Quarterly reports will be submitted to MEA within 15 days after the end of each quarter. Reporting quarters end March 31, June 30, September 30 and December 31.
- Quarterly operation reports must be submitted on the form provided by MEA.
- The reporting information submitted to MEA will include but is not limited to the following:
  - Location: address, city, zip, county
  - In-service date
  - Miles traveled
  - Total fuel gallons consumed
  - Any operational or maintenance issues.
- Failure to submit quarterly reports is considered a violation of the terms and conditions of the signed grant agreement. Moreover, MEA may require repayment of grant funds for reimbursement of the Strategic Energy Investment Fund and may bar the applicant from participating in the CFIP in the future if they do not provide timely and accurate reports as required.

### **Relevant Programs/Resources:**



- For general information on additional incentives available for fleet alternative fuel vehicles and supporting fueling/charging infrastructure, please consult the [US DOE Alternative Fuels Data Center \(AFDC\) website](#).
- For applicants seeking funding for fleet EVs, financial assistance for supporting charging infrastructure may be available through [MEA's Electric Vehicle Supply Equipment \(EVSE\) Rebate Program](#).
- For applicants seeking funding for fleet natural gas vehicles, financial assistance for the supporting fueling infrastructure may be available through [MEA's Maryland Energy Infrastructure Program \(MEIP\)](#).

**Questions may be directed to:**

Mike Jones, Transportation Program Manager at [mike.jones@maryland.gov](mailto:mike.jones@maryland.gov) or 410-537-4071